

State of Connecticut

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Good afternoon Chairman Crisco, Chairman Fontana, Senator Caligiuri, Representative D'Amelio and distinguished members of the Insurance and Real Estate Committee. I am State Comptroller Nancy Wyman and I appreciate the opportunity to testify before you today.

As each of you know, prescription medicine plays a vital role in our health care industry, both as a preventative tool and as a means to manage serious illnesses. Over half of our nation's adults take prescription drugs daily, but a recent Kaiser study shows that 41% of those individuals have difficulty paying for their medicine.

Unfortunately, pharmaceutical costs are rising exponentially, with U.S. spending increasing five-fold from 1990 to 2006. That growth is estimated to escalate from \$216.7 billion in 2006 to \$515.7 billion in 2017. This represents an increase of 138% in 11 years, outpacing spending on hospital care and physician and clinical services.

States across the country are searching for ways to save on these crippling costs. Fortunately, Connecticut has already begun to take on initiatives to provide certain groups with relief from the rising growth in prescription spending.

H.B. 5295 "An Act Concerning Municipalities and Prescription Drug Pricing," is a well-intentioned proposal that would allow municipalities and additional political subdivisions of the state the ability to join the state's prescription drug pool, giving them greater flexibility of choice.

Connecticut General Statute 5-259 authorizes my office to offer municipal and non-profit employees' insurance plans that are separate from the state plan through the Municipal Employees Health Insurance Plan (MEHIP). While the bill before the committee would open up the option of the state plan, MEHIP currently allows these groups the ability to maintain their existing plans which relieves them from having to re-negotiate their contracts.

When the last Pharmacy Benefits Manager contract was negotiated with Caremark, Caremark agreed to extend the negotiated drug discounts to MEHIP groups, as well.

Through the Teachers Retirement Board, we recently added 16,000 retired schoolteachers to the state's contract with Caremark, resulting in significant savings for their plan as well as better pricing for the state plan. The addition of this single group reduced annual combined costs by approximately \$3 million.

In addition, we have begun discussions with other municipal groups to gauge interest in a bulk-purchasing arrangement under the MEHIP program in order to achieve savings over their current pharmacy benefit contracts.

The Comptroller's office will continue to promote this program as municipalities search for initiatives to reduce costs.

Thank you for the opportunity to comment on this proposal.